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# Chile

# Solid Wood Products

# Annual

# 2003

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**Report Highlights:**
Chile's forest production will continue to increase as more trees are reaching harvesting age. Exports also are expected to grow both in volume and in value in 2003, as prices for some forest products are rising again.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Santiago [CI1]
[CI]

## Table of Contents

**Executive Summary**
Total output of Chile's forest sector grew again in 2002. The area devoted to commercial forestry expanded by over 36,000 hectares. Exports increased from $2.21 billion in 2001 to $2.30 billion in 2002.

For 2003, both the volume and value of total forest product exports is expected to grow, as prices for some products like lumber are coming back.

Development of Chile's forest products sector has occurred mainly through expanded commercial planting, with excellent adaptation of radiata pine and eucalyptus. Future growth will as a result of developing the relatively untouched and unmanaged native forests in southern Chile. However, this is contingent on the proposed native forest legislation, which has been stalled for several years.

**Forest Situation**
There are three main forestry production areas in Chile: 1) the area between Regions VI (Rancagua) and VIII (Concepcion) where radiata pine and eucalyptus are predominant; 2) Regions IX (Temuco) and X (Osorno/Puerto Montt) which contain both native forests and plantations (radiata and, more recently, eucalyptus); and 3) Chile’s extreme southern Regions (XI and XII), which contain mostly native forests (lenga).

In CY2002, total planted area increased only by 36,258 hectares, while in the early nineties the total planted area increased by over 95,000 hectares annually. Industry sources indicate that the slowdown in planting is due to a number of factors, including less favorable planting and tax incentives in the new forestry law (DL 701), the high cost of land relative to neighboring countries, and the disruptive activities of ecologists. Nevertheless, total forest production will continue to expand as private tree farms reach harvest able age.

Chile's development of an important forest products sector is due to a great degree on the success of the radiata pine. The radiata matures in 20-24 years in Chile (with thinning available for use after just 15 years), compared to 30 years in New Zealand and Australia, and 40-60 years in North America and Europe. Since the pine grows so quickly in Chile, the wood is very soft.

**Table 1 – Annual Coniferous Growth Rate.**

| Annual Coniferous Growth Rate | |
|---|---|
| Country | Growth Rate (M3/ha/yr) |
| Chile | 24.0 |
| New Zealand | 20.0 |
| United States | 3.0 |
| Sweden | 2.9 |
| Canada | 2.2 |

**Table 2 – Total Chilean Radiata Pine and Eucalyptus Planting.**

| Total Chilean Radiata Pine and Eucalyptus Planting December 2002 (In Hectares) | | |
|---|---|---|
| Region | Eucalyptus | Radiata Pine |
| I (Northern border) | 227 | - |
| II | 2 | - |
| III | 1,127 | 1 |
| IV | 1,813 | 6 |
| V | 42,102 | 15,137 |
| Metropolitan | 11,124 | 1,002 |
| VI | 29,117 | 68,864 |
| VII | 21,479 | 378,680 |
| VIII | 135,037 | 648,841 |
| IX | 85,125 | 272,255 |
| X | 60,822 | 128,218 |
| XI | - | - |
| Total * | 387,975 | 1,513,004 |
| * Limited planting exists in Regions XI and XII | | |
| Source: Chile's Forestry Institute (INFOR) | | |

**Table 3 – Radiata Pine: Distribution by Age.**

| Radiata Pine: Distribution by Age (Hectares) | | | | | |
|---|---|---|---|---|---|
| Age in Years | 1965 | 1980 | 1990 | 2000 | 2002 |
| 0-5 | 19,663 | 303,994 | 325,626 | 433,861 | 426,482 |
| 6-10 | 52,612 | 192,220 | 344,426 | 276,435 | 288,330 |
| 11-15 | 86,233 | 76,959 | 369,240 | 319,025 | 308,573 |
| 16-20 | 69,858 | 51,974 | 142,772 | 297,982 | 319,798 |
| 21-25 | 27,003 | 44,655 | 40,307 | 120,231 | 147,630 |
| 26-30 | 4,395 | 33,898 | 10,363 | 17,742 | 13,600 |
| 31 or more | 921 | 13,239 | 9,365 | 8,841 | 8,585 |
| Source: Chile's Forestry Institute (INFOR) | | | | | |

Eucalyptus is the second largest planted species in Chile. Planting has increased at a more rapid pace than for radiata during the last few years. Eucalyptus products command higher prices and can be harvested even sooner than radiata pine. By December 2002, almost 388,000 hectares had been planted. Eucalyptus has great potential in Chile since it can be harvested after only 10 to 15 years. The growth capacity for Eucalyptus is up to 30 CUM per hectare per year.

Present estimates put total native forests at 13.4 million hectares. According to industry, of this total, an estimated 7.1 million hectares are considered to be productive. The exploitation of the mostly over-mature native forest consists primarily in selective cutting, mainly wood for chip production. Chilean native forests possess numerous tree species that have no known European or North American counterpart.

**Table 4 – Strategic Indicator Table: Forest Area**

| STRATEGIC INDICATOR TABLE: FOREST AREA (million hectares/million cum) | | | |
|---|---|---|---|
| | | | |
| | | | |
| Country: CHILE | Previous | Current | Next |
| Report Year: 2003 | Calendar Year | Calendar Year | Calendar Year |
| Total Land Area | 75.7 | 75.7 | 75.7 |
| Total Forest Area | 15.7 | 15.7 | 15.7 |
| --of which, Commercial | 2 | 2 | 2 |
| ----of commercial, tropical hardwood | 0 | | |
| ----of commercial, temperate hardwood | 0 | | |
| ----of commercial, softwood | 1.5 | 1.6 | 1.7 |
| --of forest area, non-commercial | | | |
| Forest Type | | | |
| --Of which, virgin | 13.5 | 13.5 | 13.5 |
| --Of which, plantation | 2 | 2 | 2 |
| --Of which, other commercial (regrowth) | n/i | n/i | n/i |
| Forest Ownership | | | |
| --Nationally owned and no commercial access | 8.7 | 8.7 | 8.7 |
| --Nationally owned, commercial logging permitted | 5.4 | 5.4 | 5.4 |
| --Other publicly owned land, no commercial access | n/i | n/i | n/i |
| --Other publicly owned, logging permitted | n/i | n/i | n/i |
| --Privately owned commercial forest | n/i | n/i | n/i |
| Total Volume of Standing Timber | | | |
| --Of which, Commercial Timber | 168.2 | 178.2 | 186.9 |
| Annual Timber Removal 1/ | 24.4 | 24.6 | 24.9 |
| Annual Timber Growth Rate | 29.8 | 29.8 | 29.7 |
| Annual Allowable Cut | n/i | n/i | n/i |
| | | | |
| | | | |
| 1/ If Removals exceeds growth rate, analyze impact in text. | | | |

**Forest Subsidy Program**
Law Decree (DL) 701, which is mainly designed to assist small farmers now, subsidizes planting costs by as much as 90 percent for the first 15 hectares, but only 75 percent of plantings thereafter. It also subsidizes 15 percent of the planting costs for larger farmers, when they plant land that has been severely eroded or land that can only be used for reforestation. A maximum of $15 million dollars yearly is destined for this purpose. Special land tax exemptions are also part of the program. During 2002, over 27,000 hectares qualified for the planting subsidy, with payments totaling $10.4 million. There are no subsidies for trimming and forest management. During the life of this program, from 1974 to the end of 2002, the Chilean government has paid $221 million in subsidies.

**Table 5 – DL 701 Payment Summary.**

| DL - 701 Payment Summary | | | |
|---|---|---|---|
| | Subsidy Amounts (US$ Million) | | Area Subsidized (Hectares) |
| | Period | Total | Total |
| Trimming | 1983-02 | 12.7 | 407,397 |
| Management | 1978-02 | 28.2 | 7,108,259 |
| Reforestation | 1976-02 | 180.5 | 1,092,887 |
| Source: Chile’s Forestry Institute (INFOR). | | | |

A “new” proposal, called "Law for the Recovery and Promotion of the Native Forest" has been sitting in Congress since 1992. The bill has gone through lengthy discussions and still has not been approved, mainly due to differing views among the various government agencies involved. This law is expected to provide a framework for the sustainable management of Chile's extensive native forests. Industry sources indicate that the signing of FTA’s and the increasing environmental protection actions taken by forestry product importers will force the Chilean government to legislate in this matter.

**Table 6 – Strategic Indicator Table: Wood Product Subsidies.**

| STRATEGIC INDICATOR TABLE: WOOD PRODUCTS SUBSIDIES | | | |
|---|---|---|---|
| | | | |
| | | | |
| Country: CHILE | Previous | Current | Next |
| Year of Report 2002 | Calendar Year | Calendar Year | Calendar Year |
| Total Solid Wood Export Subsidy Outlay ($US million) | 0 | 0 | 0 |
| Is there a ban on the export of logs, lumber, or veneer? If yes, which? | No | No | No |
| Are there export taxes (yes/no)? 1/ | No | No | No |
| If yes, for which products? (Identify export tax level in tariff table) | | | |
| Source(s) of Export Subsidy Information | | | |
| Total Wood Production Subsidy Outlay ($US million) | | | |
| Are there any programs favoring the development of commercial forestry? | Planting subsidy | Planting subsidy | Planting subsidy |
| If yes, Post best estimate of scope (thousands of hectares) | 21.9 | 27.6 | 25.1 |
| If yes, Post's best estimate of financial outlay ($US million) | 7.1 | 10.4 | 8.2 |
| Source(s) of Production Subsidy Information | INFOR | INFOR | INFOR |
| Does the country support export expansion activities similar to the Cooperator Program? | No | No | No |
| --Which country markets are targeted? | | | |
| --Which products are targeted? | | | |
| Are there significant wood products export expansion activities at the provincial or regional level? | No | No | No |
| --If yes, identify key players | | | |
| --If yes, identify key market segments | | | |
| --If yes, identify key country markets | | | |
| --If yes, identify key products | | | |
| --Post's estimate for combined outlay ($US million) | | | |
| Source(s) of Provincial/Regional Support Information | | | |
| Are there other wood products export expansion activities? If yes, describe in report. 1/ | Yes | Yes | Yes |

1/ Prochile has marketing promotion activity directed to all sectors. But not widely used by forestry sector. See Competitors Report.

**Trade Policy**
Chile has signed trade agreements with many countries, among them Mexico, Canada and Mercosur. These are not Chile's most important forest products trading partners. Presently, Chile has a zero duty agreement with Canada and Mexico for both exports and imports, and reduced duties with Mercosur depending on the product. For all other countries, Chile import duty fell to a permanent level of 6 percent starting January of 2003.

Chile's FTA signed with the EU is not expected translate into significant increases in exports to this market. Exports to the EU have been following the ups and downs of wood pulp prices, as over 70 percent of Chile's forestry product exports to the EU correspond to this product which had a 0 duty before the agreement.

Chile's congress also finally approved the FTA agreement with the United States, which will be implemented in January 2004. Despite the fact that exports of forestry products to the US have increased without the free trade agreement accord, the forestry industry expects the agreement will boost the economy in general, and therefore benefit forest product exports. However, even before the agreement, most of Chile's forest products faced a zero tariff.

Chile's agreement signed with South Korea will not change substantially the tariff schedule for Chilean exports. Most forest products, which face a 5 to 8 percent tariff, will have a 5 to 10 year face in for the tariff elimination. It is still undetermined when this agreement will be implemented, as it still has to be approved by both the Chilean and Korean congress and is currently facing strong opposition in Korea.

**Forest Production**
Total log production fell slightly (less than 1 percent) to 37.6 billion CUM in 2002, down from 37.8 billion in 2001. A slowdown in the world and the Chilean economy is blamed for this first downturn in a constant expansion over the last two decades. For 2003, production is expected to grow again, as tree farms reach maturity and are harvested. Industry expects a slight but positive increase in demand for higher value added forest products.

Around 68 percent of Round wood output is used by the forestry industry. The remainder is used for firewood. Commercial utilization of Round wood includes pulp, wood chips, sawn wood and lumber production. At least one half of Chile's population uses firewood in their homes for heating and cooking purposes.

Tree farm thinning is the main source of Round wood for pulp logs. Wood chips are mainly a by-product of sawmill operations.

**Table 7 – Log Production**

| Chile: Log Production | | | |
|---|---|---|---|
| | Forest Area (Thousand Ha.) | | Log Harvest (1,000 M3) |
| | Planted | Native | |
| 1995 | 1,818 | 7,493 | 34,956 |
| 1996 | 1,836 | 7,123 | 33,388 |
| 1997 | 1,882 | 7,123 | 34,056 |
| 1998 | 1,914 | 7,123 | 31,672 |
| 1999 | 1,952 | 7,123 | 33,972 |
| 2000 | 1,989 | 13,404 | 36,568 |
| 2001 | 2,037 | 13,404 | 37,790 |
| 2002 | 2,074 | 13,404 | 37,575 |
| Source: Chile's Forestry Institute (INFOR) | | | |

## Forestry Trade

### Exports

In 2002, Chile's forest product exports totaled $2.40 billion, up from $2.21 billion the year before. Industry sources believe that this increase in exports is remarkable considering the difficulties observed in the world economy. Although global economic recovery is still uncertain, the forest industry forecasting a further expansion to $2.4 billion in 2003.

The U.S. was again Chile's largest export market in 2002, accounting for 27 percent of total exports, followed by Japan with close to 10 percent of total exports.

**Table 8 – Forestry Exports by Destination**

| Chile's Forestry Export by Destination (US$ Million, FOB) | | | |
|---|---|---|---|
| Country | 2000 | 2001 | 2002 |
| United States | 466.6 | 512.0 | 622.1 |
| Japan | 302.2 | 274.7 | 222.7 |
| China | 144.9 | 241.0 | 219.3 |
| Mexico | 64.2 | 94.6 | 152.8 |
| Italy | 152.8 | 91.4 | 108.2 |
| South Korea | 90.3 | 75.2 | 87.6 |
| Peru | 78.5 | 83.5 | 84.7 |
| Others | 1,065.7 | 833.2 | 803.7 |
| Total Exports | 2,365.2 | 2,205.6 | 2301.1 |
| Source: Chile's Forestry Institute (INFOR). | | | |

**Table 9 – Forest Product Exports by Major Commodity.**

| Chile's Forest Product Export by Major Commodity (US$ Million, FOB) | | | |
|---|---|---|---|
| Commodity/Product | 2000 | 2001 | 2002 |
| Sawn wood | 189.7 | 178.8 | 207.3 |
| Wood Chips | 133.7 | 148.1 | 122.6 |
| Plywood and Boards | 123.8 | 144.6 | 166.2 |
| Round wood Logs | 35.8 | 26.3 | 24.6 |
| Other | 667.6 | 733.6 | 869.8 |
| Total Forest Product Exports | 1150.6 | 1,231.9 | 1,390.5 |
| Wood Pulp | 1,110.4 | 863.2 | 821.8 |
| Newsprint | 104.1 | 110.5 | 88.8 |
| Total Forest Sector Exports | 2,365.2 | 2,205.6 | 2,301.1 |
| Source: Chile's Forestry Institute (INFOR). | | | |

**Imports**

Chile's forest product imports totaled $531 million in 2002, up from $521 million in 2001. For 2003, imports are not expected to expand significantly, as the economic recovery and consequently growth in construction is still uncertain.

Chile has an across the board import duty of 6 percent. Additionally Chile has signed free trade agreements with several countries, among them: Mexico Venezuela, Colombia and Ecuador. All wood product imports from these countries are duty free. Similarly most forest product imports from MERCOSUR member countries are duty free with the exception of the products detailed in the following table.

**Table 10 – Forest Product Tariffs for Countries with Trade Agreements.**

| FOREST PRODUCT TARIFFS (PERCENT) | | |
|---|---|---|
| Country: CHILE; Report Year 2003. | | |
| | MERCOSUR | |
| | Current Year | Next Year |
| 4402.0000 | 0.9 | 0.42 |
| 4403.9990 | 0.9 | 0.42 |
| 4407.1090 | 0.9 | 0.42 |
| 4407.2400 | 0.0 | 0.00 |
| 4407.2900 | 0.0 | 0.00 |
| 4407.9100 | 0.0 | 0.00 |
| 4407.9990 | 0.9 | 0.42 |
| 4408.1090 | 0.9 | 0.42 |
| 4408.3900 | 0.9 | 0.42 |
| 4408.9010 | 0.9 | 0.42 |
| 4408.9090 | 0.7 | 0.00 |
| 4409.1090 | 0.9 | 0.42 |
| 4409.2000 | 0.7 | 0.00 |
| 4410.1900 | 1.8 | 1.20 |
| 4411.1100 | 0.9 | 0.42 |
| 4411.1900 | 1.8 | 1.20 |
| 4412.1300 | 0.9 | 0.42 |
| 4412.1400 | 0.9 | 0.42 |
| 4412.1910 | 0.9 | 0.42 |
| 4412.1990 | 0.7 | 0.00 |
| 4412.2900 | 0.9 | 0.42 |
| 4412.9990 | 0.7 | 0.00 |
| 4415.1000 | 0.9 | 0.42 |
| 4415.2000 | 1.1 | 0.00 |
| 4417.0000 | 0.9 | 0.42 |
| 4418.2000 | 1.8 | 1.20 |
| 4418.3000 | 0.9 | 0.42 |
| 4418.4000 | 0.9 | 0.42 |
| 4418.9000 | 0.9 | 0.42 |
| 4419.0000 | 0.9 | 0.42 |
| 4412.1000 | 0.9 | 0.42 |
| 4421.9010 | 0.9 | 0.42 |
| 4421.9090 | 0.9 | 0.42 |
| Source: Ministry of Agriculture (ODEPA) | | |

**Table 11 – Strategic Indicator Table: Product Tariffs and Taxes.**

| Country: CHILE | | | | | | |
|---|---|---|---|---|---|---|
| Report Year: 2003 | Description 1/ | Tariff Current Year | Tariff Following Year | Other Import Taxes/Fees | Total Cost of Import | Export Tax |
| 4401 | | 6 | 6 | 0 | 6 | 0 |
| 4403 | | 6 | 6 | 0 | 6 | 0 |
| 4404 | | 6 | 6 | 0 | 6 | 0 |
| 4405 | | 6 | 6 | 0 | 6 | 0 |
| 4406 | | 6 | 6 | 0 | 6 | 0 |
| 4407 | | 6 | 6 | 0 | 6 | 0 |
| 4408 | | 6 | 6 | 0 | 6 | 0 |
| 4409 | | 6 | 6 | 0 | 6 | 0 |
| 4410 | | 6 | 6 | 0 | 6 | 0 |
| 4411 | | 6 | 6 | 0 | 6 | 0 |
| 4412 | | 6 | 6 | 0 | 6 | 0 |
| 4413 | | 6 | 6 | 0 | 6 | 0 |
| 4414 | | 6 | 6 | 0 | 6 | 0 |
| 4415 | | 6 | 6 | 0 | 6 | 0 |
| 4416 | | 6 | 6 | 0 | 6 | 0 |
| 4417 | | 6 | 6 | 0 | 6 | 0 |
| 4418 | | 6 | 6 | 0 | 6 | 0 |
| 4419 | | 6 | 6 | 0 | 6 | 0 |
| 4420 | | 6 | 6 | 0 | 6 | 0 |
| 4421 | | 6 | 6 | 0 | 6 | 0 |
| 4422 | | 6 | 6 | 0 | 6 | 0 |
| 4423 | | 6 | 6 | 0 | 6 | 0 |
| 4424 | | 6 | 6 | 0 | 6 | 0 |
| 4425 | | 6 | 6 | 0 | 6 | 0 |
| Pre-fabricated Houses, a subsection under chapter 96 | | 6 | 6 | 0 | 6 | 0 |

**Wood Chips**

Wood chip output in 2002 was smaller than expected. The Japanese economic, together with depressed wood pulp prices and slightly reduced activity in the forestry industry in Chile resulted in less production of wood chips. For 2003, industry sources expect production and exports to grow again. Although there are no definite signs that the Japanese economy is recuperating, export to that country have increased significantly during the first half of CY2003, when compared to the same period last year. Additionally, more eucalyptus trees are ready for harvest so output of eucalyptus wood chips is expected to increase. Already there are reports that demand from Japan, Chile's only constant and significant export market for wood chips, is increasing.

**Table 12 – Chile’s Wood Chip Production.**

| Chile’s Wood Chip Production (In Thousand Metric Tons) | | | | |
|---|---|---|---|---|
| Year | Total | Radiata Pine | Native | Eucalyptus |
| 1996 | 4,996 | 2,373 | 1,757 | 857 |
| 1997 | 4,926 | 2,199 | 1,791 | 935 |
| 1998 | 4,487 | 2,031 | 1,338 | 1,112 |
| 1999 | 4,837 | 2,241 | 1,016 | 1,544 |
| 2000 | 5,091 | 2,380 | 719 | 1,968 |
| 2001 | 5,257 | 2,372 | 386 | 2,464 |
| 2002 | 5,057 | 2,527 | 156 | 2,375 |
| Source: Chile’s Forestry Institute | | | | |

Chile has a large number of chipping facilities with widely varying capacities. Most facilities are located in Region VIII (Concepcion). Over 50 percent of Chile's wood chip production is exported and all of it goes to Japan’s paper and pulp industries.

**Table 13 – Wood Chip Exports for 2002.**

| Chile’s Wood Chip exports for 2002 | | | |
|---|---|---|---|
| Type | Volume Thousand MT | Value Million US$ | Unit Value US$/MT |
| Radiata Pine | 94.1 | 2.5 | 27 |
| Eucalyptus | 2,352.2 | 117.0 | 50 |
| Native Forest | 105.6 | 3.1 | 29 |
| Total | 2,551.9 | 122.6 | |
| Source: Chile’s Forestry Institute (INFOR) | | | |

**PS&D Table.**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Country** | **Chile** | | | | | |
| **Commodity** | **Wood Chips** | | | | (1000 MT) | |
| | 2002 | Revised | 2003 | Estimate | 2004 | Forecast |
| | USDA Official | Estimate [ | A Official | Estimate [ | A Official | Estimate [ |
| **Market Year Begin** | | 01/2002 | | 01/2003 | | 01/2004 |
| Production | 5250 | 5057 | 5300 | 5280 | 0 | 5545 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 5250 | 5057 | 5300 | 5280 | 0 | 5545 |
| Exports | 2890 | 2552 | 2890 | 2915 | 0 | 2950 |
| Domestic Consumption | 2360 | 2505 | 2410 | 2365 | 0 | 2595 |
| TOTAL DISTRIBUTION | 5250 | 5057 | 5300 | 5280 | 0 | 5545 |

**Export trade Matrix**

| | | | |
|---|---|---|---|
| **Country** | Chile | | |
| **Commodit** | Wood Chips | | |
| Time Period | Jan-Dec | Units: | M.T. |
| Exports for: | 2001 | | **2002** |
| U.S. | 0 | U.S. | 0 |
| Others | | Others | |
| Japan | 2893716 | Japan | 2512050 |
| | | Spain | 39831 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Other | 2893716 | | 2551881 |
| Others not Liste | 0 | | 0 |
| Grand Total | 2893716 | | 2551881 |

**Softwood Logs**
Total softwood log production grew again in 2002. In 2003, expansion will most likely continue as a larger number of trees are going to be available for harvest, but at a slower rate than in the past, as export demand, mainly of softwood logs for lumber fell almost to zero. In the past almost all soft wood log for lumber was exported to South Korea, with occasional exports to the US (Puerto Rico). Industry sources indicate that Chile lost the South Korean market to New Zealand as a result of the economic crisis that affected most Asian countries. A devaluation of the currency in New Zealand together with increasing transportation costs have been playing against Chilean exporters. As soft wood logs for pulp are exported only to Japan, future exports are tied to the recovery of the Japanese economy.

**Table 14 – Average Softwood Log Prices.**

| Average Softwood Log Prices (US$ per CUM) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1980 | 1990 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| Export | 54 | 49 | 62 | 52 | 49 | 46 | 48 | 47 |
| Domestic | 18 | 33 | 42 | 39 | 35 | 37 | 31 | 28 |
| CH$/US$ | 39.0 | 304.9 | 419.3 | 460.0 | 508.9 | 539.5 | 634.9 | 688.9 |
| Source: Chile's Forestry Institute (INFOR) | | | | | | | | |

**PS&D Table**

| Country | Chile | | | | | |
|---|---|---|---|---|---|---|
| Commodity | Softwood Logs | | | | | 1000 CUBIC METER |
| | 2002 | Revised | 2003 | Estimate | 2004 | Forecast |
| | USDA Official [ | Estimate [ | A Official [ | Estimate [ | A Official [ | Estimate [ |
| **Market Year Begin** | | 01/2002 | | 01/2003 | | 01/2004 |
| Production | 13200 | 13908 | 13600 | 14400 | 0 | 15500 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 13200 | 13908 | 13600 | 14400 | 0 | 15500 |
| Exports | 190 | 276 | 210 | 185 | 0 | 180 |
| Domestic Consumption | 13010 | 13632 | 13390 | 14215 | 0 | 15320 |
| TOTAL DISTRIBUTION | 13200 | 13908 | 13600 | 14400 | 0 | 15500 |

**Export Trade Matrix**

| | | | |
|---|---|---|---|
| **Country** | Chile | | |
| **Commodity** | Softwood Logs | | |
| Time Period | Jan-Dec | Units: | M.T. |
| Exports for: | 2001 | | **2002** |
| U.S. | 1290 | U.S. | 6050 |
| Others | | Others | |
| Japan | 117745 | Japan | 136944 |
| So. Korea | 29948 | So. Korea | 132978 |
| Kurdistan | 5011 | Spain | 24 |
| U.A. Emirate | 2306 | | |
| China | 25 | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total for Others | 155035 | | 269946 |
| Others not Listed | 0 | | 0 |
| Grand Total | 156325 | | 275996 |

**Softwood Lumber**

Although declining in importance relative to other sectors in the forest industry, saw milling is still the single largest consumer of logs, with pine logs making up close to 80 percent of total inputs. Close to a third of the lumber produced is exported. This is mostly the output from the larger sawmills. The remaining two-thirds is consumed locally. Production of softwood lumber is expected to keep growing in the next few years. But exports are not expected to grow at the same rate, as the industry is trying to add value to its output by increasing its exports of manufactured wood products. However, in the long term, exports of softwood lumber will rise as the availability of knot-free lumber increases. The increased availability of knot-free lumber is attributed to subsidized pruning and forest management under DL 701, until the late nineties.

Softwood lumber expanded again in 2002, compared to the previous year, as a result of strong foreign demand. For 2003 and 2004, production is expected to increase as the availability of mature trees increases and investment in new milling facilities materialize.

**Table 15 – Average Softwood Lumber Prices.**

| Average Softwood Lumber Prices (US$/CUM) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1980 | 1990 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 |
| Export | 113 | 126 | 172 | 146 | 136 | 137 | 127 | 129 |
| Domestic | 76 | 55 | 100 | 90 | 80 | 76 | 61 | 57 |
| CH$/US$ | 39.0 | 304.9 | 419.3 | 460.0 | 508.9 | 539.5 | 634.9 | 688.9 |
| Source: Chile's Forestry Institute (INFOR). | | | | | | | | |

### PS&D Table

| | | | | | | |
|---|---|---|---|---|---|---|
| **Country** | **Chile** | | | | | |
| **Commodity** | **Softwood Lumber** | | | | 1000 CUBIC METER | |
| | 2002 | Revised | 2003 | Estimate | 2004 | Forecast |
| | USDA Official [ | Estimate [ | A Official [ | Estimate [ | A Official [ | Estimate [I |
| **Market Year Begin** | | 01/2002 | | 01/2003 | | 01/2004 |
| Production | 6140 | 6193 | 6400 | 7347 | 0 | 8400 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 6140 | 6193 | 6400 | 7347 | 0 | 8400 |
| Exports | 1940 | 2057 | 2000 | 2880 | 0 | 3310 |
| Domestic Consumption | 4200 | 4136 | 4400 | 4467 | 0 | 5090 |
| TOTAL DISTRIBUTION | 6140 | 6193 | 6400 | 7347 | 0 | 8400 |

### Export Trade Matrix

| | | | |
|---|---|---|---|
| **Country** | Chile | | |
| **Commodit** | Softwood Lumber | | |
| Time Period | Jan-Dec | Units: | M.T. |
| Exports for: | 2001 | | **2002** |
| U.S. | 358224 | U.S. | 418712 |
| Others | | Others | |
| Japan | 417280 | Mexico | 398964 |
| Mexico | 214376 | Japan | 349179 |
| Saudi Arabia | 174611 | Saudi Arabia | 171922 |
| UA Emirates | 119853 | AU Emirates | 145316 |
| Morocco | 57250 | Taiwan | 81796 |
| Dom.Republic | 44597 | Spain | 74658 |
| Egypt | 42079 | China | 69643 |
| Taiwan | 41898 | Morocco | 52241 |
| Spain | 41074 | So. Korea | 40363 |
| So. Korea | 38825 | Costa Rica | 30577 |
| Total for Others | 1191843 | | 1414659 |
| Others not Liste | 217331 | | 223874 |
| Grand Total | 1767398 | | 2057245 |